



Republican Policy Committee

Don Nickles, Chairman Doug Badger, Staff Director 347 Russell Senate Office Building (202)224-2946 <http://www.senate.gov/~rpc/>

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The Rest of the Clinton Fiscal Story

“The Era of Big Government” is NOT Over

Popular radio commentator Paul Harvey has a show he calls “The Rest of the Story,” in which he tells the unknown stories of well known people. Nowhere is this needed more than in the case of the *real* Clinton fiscal record. In contrast to the story of fiscal responsibility he is attempting to sell, there remains the untold story of a president who has given us more government, more spending, and more taxes. And there’s no better way to tell “the rest of the story” than to use the President’s own budget to tell it.

This is the story the President’s not telling America [see attached charts]:

- ▶ Washington has never spent more on the federal bureaucracy than it has under Clinton. [See chart, “Big Government Never Bigger,” showing nondefense spending as a percent of GDP]
- ▶ Under Clinton, Washington has spent less on the nation’s defense than at any time since before WWII. [See chart, “Defense Spending Never Lower,” showing defense spending as a percent of GDP]
- ▶ America’s tax burden (state, local and federal combined) has never been higher than under Clinton. [See chart, “Total Tax Burden Never Greater,” showing taxes as a share of GDP]
- ▶ America’s federal tax burden has never been greater than under Clinton. [See chart, “Federal Tax Burden Never Higher,” showing taxes as a share of GDP]
- ▶ America will pay half a trillion dollars more in taxes as a result of Clinton’s tax increases. [See chart, “Largest Tax Hike EVER. . .”]

"A Smaller, Less Bureaucratic Government"

"We know big government does not have all the answers. We know there's not a program for every problem. We know, and we have worked to give the American people a smaller, less bureaucratic government in Washington, and we have to give the American people one that lives within its means. The era of big government is over."

Bill Clinton, State of the Union Address, January 23, 1996

- ▶ Big Government does not have all the answers, but it has never had more resources. Its bureaucracy alone spends almost one out of every five dollars the country is able to generate.
- ▶ That part of the government Americans commonly term the "federal bureaucracy" — nondefense spending — is higher under the Clinton years than at any time in history, when measured as a percentage of the nation's income, gross domestic product (GDP).
- ▶ And it is the highest in history even using Clinton's own overly optimistic economic assumptions that have been rejected by the nonpartisan Congressional Budget Office (CBO) throughout the last two years.
- ▶ *"We know there's not a program for every problem."* Maybe that's because Clinton has only been in office for three years.

Only National Defense Is Smaller

- ▶ While the federal bureaucracy's never been bigger, the nation's defense over the last half-century has never been smaller.
- ▶ National defense as a percentage of GDP has never been smaller since before World War II. Not under Truman, not under Kennedy, not under Johnson, and not even under Carter.
- ▶ Clinton has cut national defense almost in half compared to its GDP-ratio of the last two decades.
- ▶ By the turn of the century it will be less than half the level it was when President Bush took office — falling to just 2.8 percent of GDP in 2001 — its lowest level since 1940.
- ▶ This relative cut has come at the same time that Clinton has upped defense responsibilities to include the international defense of the U.N.

- ▶ In addition, national defense has been used to cover increases in the federal bureaucracy. Clinton ballyhooed a 31,000-person reduction in government employees. What he didn't say is that the military will take a 33,000-person reduction in order to cover a 2,000-person increase in federal bureaucrats.

A Government "That Lives Within its Means"?

- ▶ Under Clinton, the government has been endeavoring to live within *your* means: America's total tax burden has never been greater than it is today.
- ▶ As a percentage of GDP, the total tax burden accounts for almost one out of every three dollars that the American economy produces.
- ▶ Is Clinton responsible for the total tax burden when part of it is the share of state and local taxes? Yes. A huge part of state and local government spending is required by federal regulations and mandated programs, like Medicaid and welfare, that Clinton refuses to reform.
- ▶ As a percentage of GDP, however, states are holding the line against the Clinton tax-and-spend surge. Despite the federal burdens imposed on them from Washington, state and local taxes actually have fallen since Clinton took office (from 11.2 percent of GDP to just 11.0 percent in 1995).

Federal Tax Burden Never Higher

- ▶ America's federal tax burden under Clinton is the highest in history.
- ▶ One in five dollars that America makes is taken by the federal bureaucracy.
- ▶ And this still isn't enough. Washington continues to spend more than it takes from its citizens and the federal deficit is still measured in the hundreds of billions of dollars.

Highest Tax Increase in History

- ▶ Given that the total tax burden as well as the federal tax burden are the highest in history, just how much of that is Clinton responsible for? A large part because he imposed the largest tax hike in history.
- ▶ Specifically, half a trillion dollars' worth. That's the cost of his \$251 billion tax hike since he entered office, **plus** the additional taxes he has included in his latest budget.
- ▶ Those Clinton tax hikes translate into an additional tax burden of \$7,576 for a family of four between 1993-2002 — or about \$758 yearly for the ten-year period.

- ▶ Coincidentally, the President's latest tax hike, like his first tax hike, will go on indefinitely. However, his "peek-a-boo" tax cut (which nets out to just \$37 billion over seven years) expires on December 31, 2000. Happy New Year indeed.

"The Era of Big Government is Over"

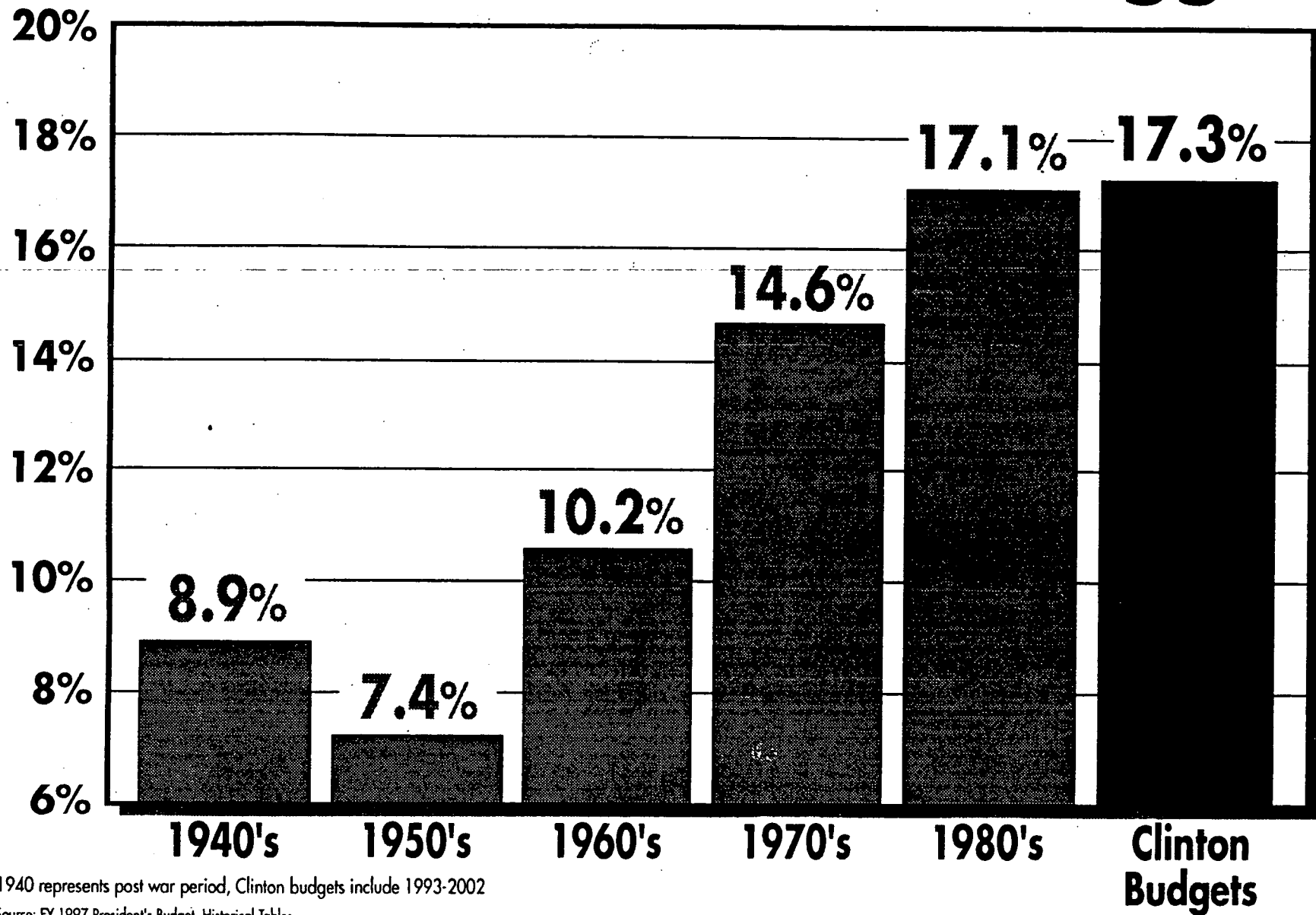
Under Clinton, it's more like "the era of big government is forever." Despite our President's rhetoric, government has grown — nondefense spending has increased and taxes have risen to their highest levels in American history — under President Clinton. That's the reality . . . according to his own budget.

In the words of Paul Harvey: And now you "know the rest of the story."

Staff Contact: Dr. J.T. Young, 224-2946

Background material provided by the Office of Senator Phil Gramm

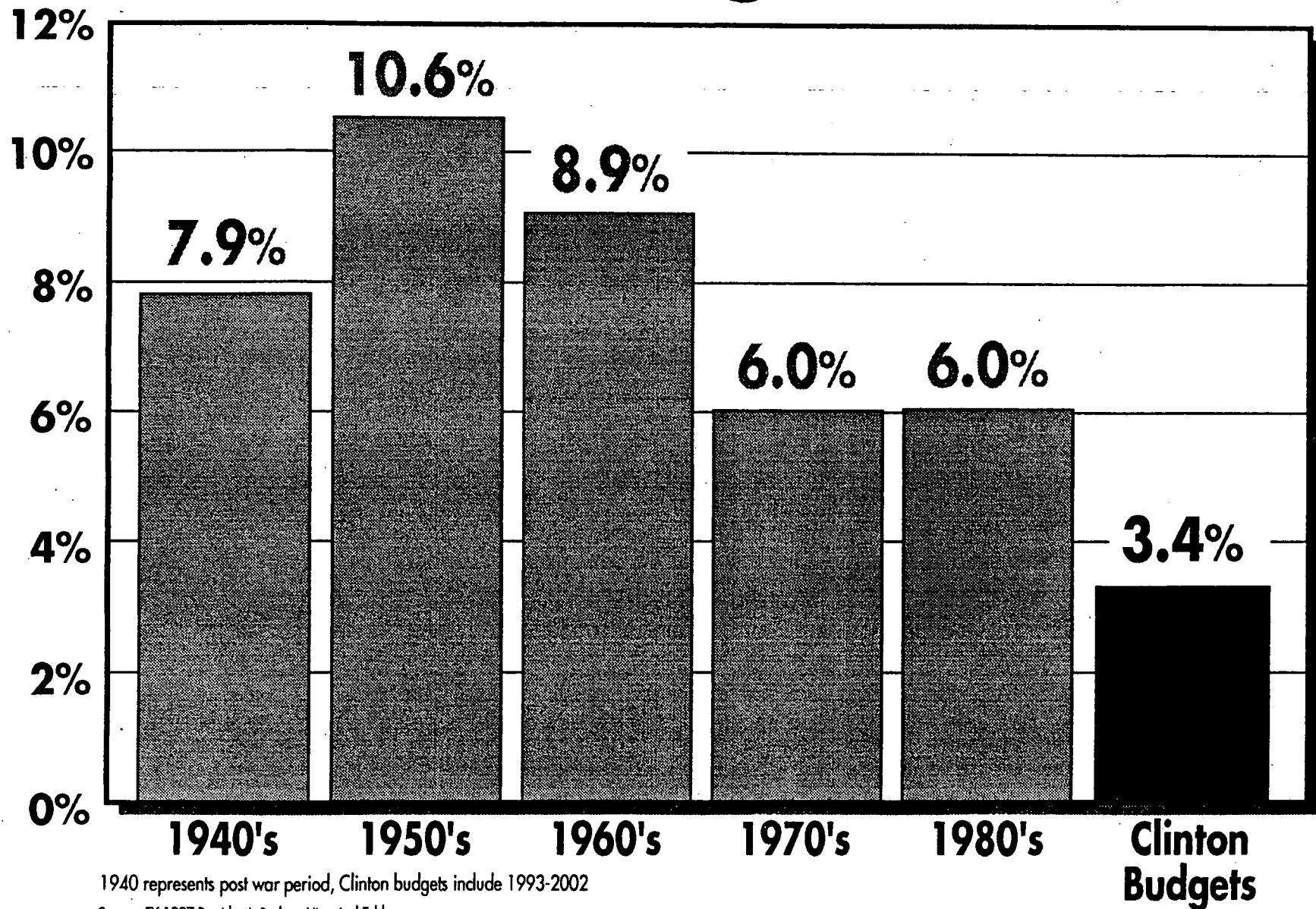
Big Government Never Bigger



1940 represents post war period, Clinton budgets include 1993-2002

Source: FY 1997 President's Budget, Historical Tables
Office of Senator Phil Gramm

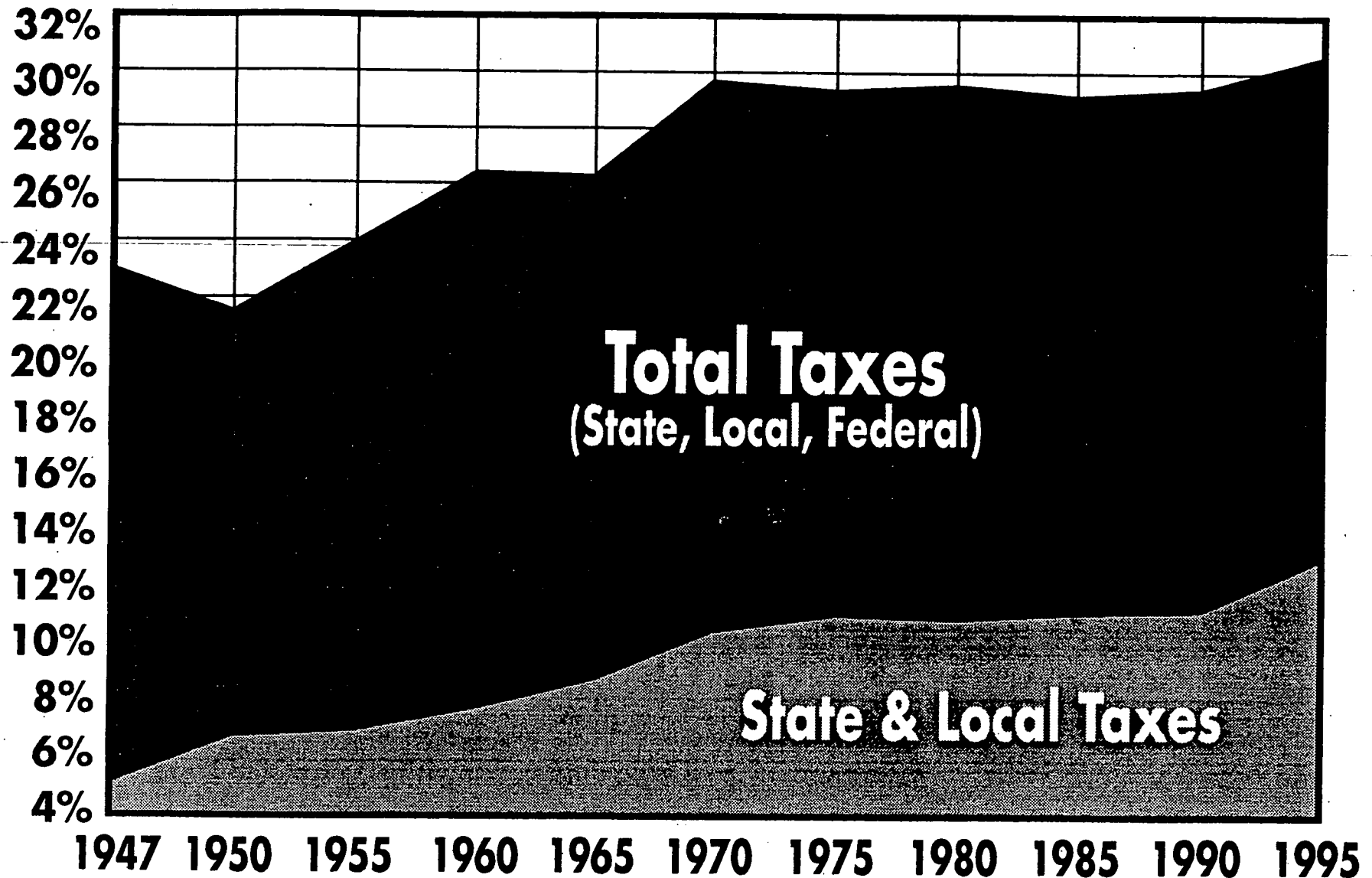
Defense Spending Never Lower



1940 represents post war period, Clinton budgets include 1993-2002

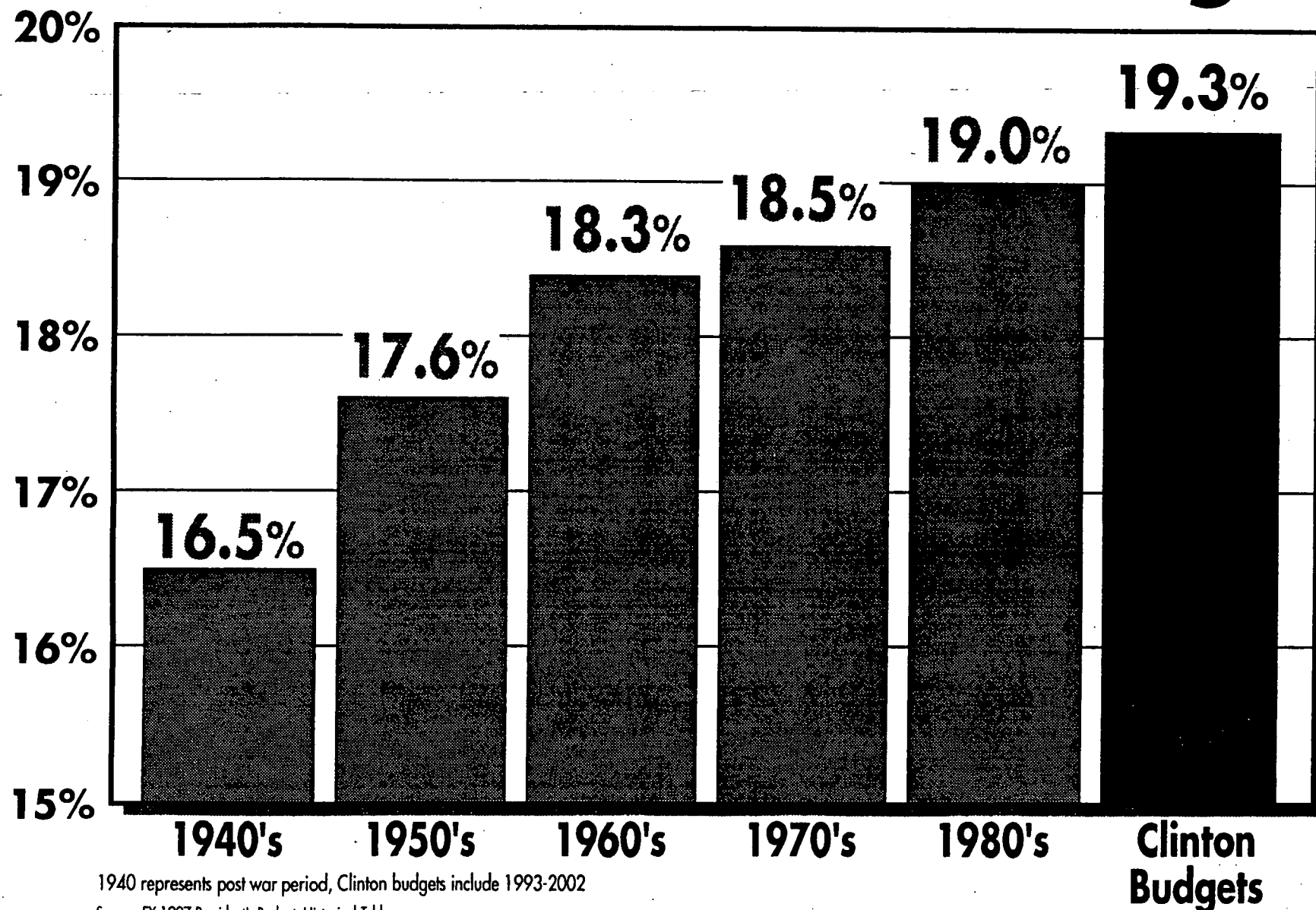
Source: FY 1997 President's Budget, Historical Tables
Office of Senator Phil Gramm

Total Tax Burden Never Greater



Source: FY 1997 President's Budget, Historical Tables
Office of Senator Phil Gramm

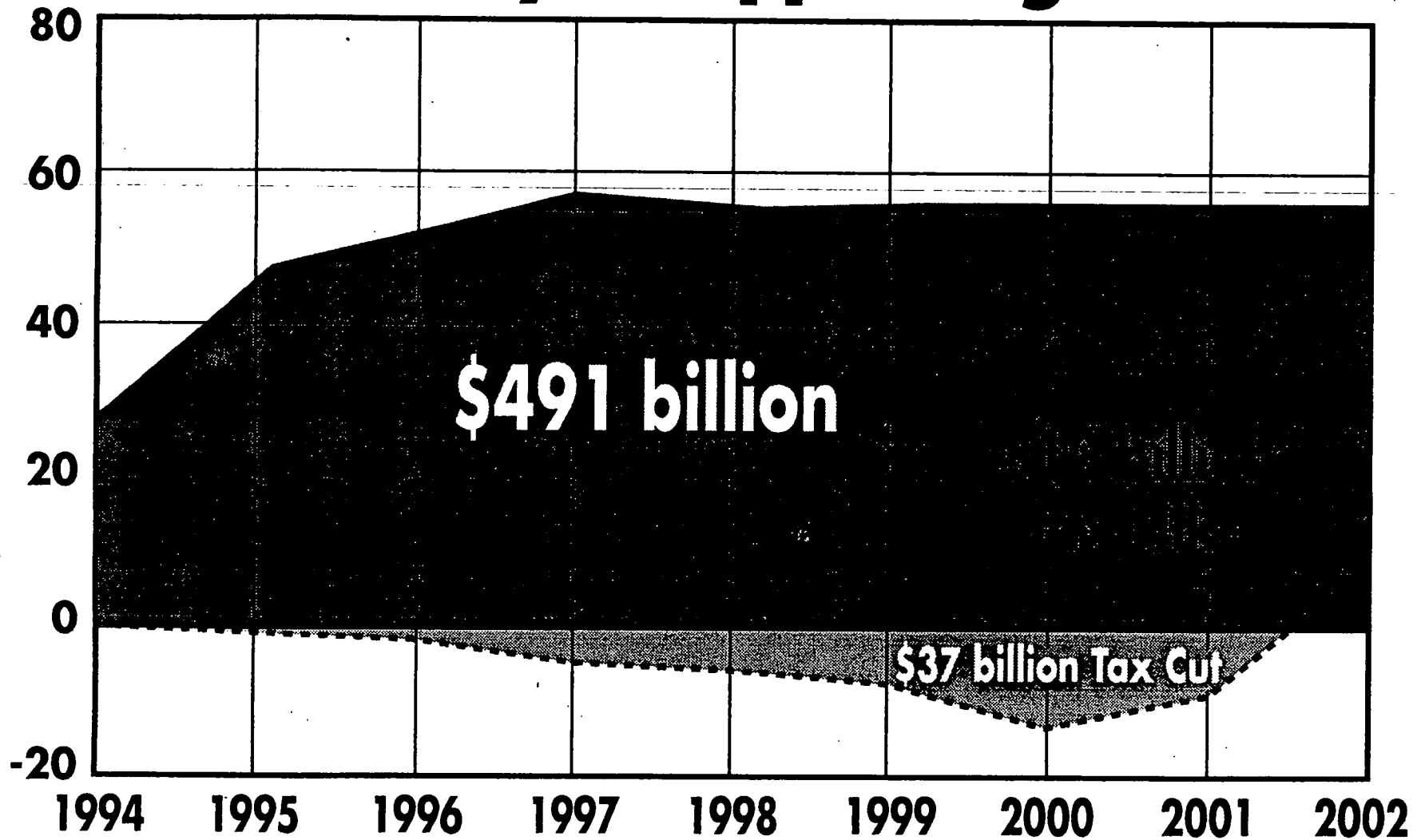
Federal Tax Burden Never Higher



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Source: FY 1997 President's Budget, Historical Tables
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Largest Tax Hike EVER ... Followed by Disappearing Tax Cut



Source: FY 1997 President's Budget, Historical Tables
Office of Senator Phil Gramm